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Canada



THE ALCOHOLIC BEVERAGE MARKET IN THE UNITED STATES

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*(Également disponible en français sous le titre,
Le marché des boissons alcoolisées aux États-Unis)*

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THE ALCOHOLIC BEVERAGE MARKET IN THE UNITED STATES



Team Canada • Équipe Canada

EXECUTIVE SUMMARY

The U.S. market for alcoholic beverages is currently valued at \$160 billion⁽¹⁾ annually. Beer sales account for over 52% of total sales, while wines and spirits account for 31% and 17% of sales, respectively.

Of the three categories of alcoholic beverages, wine is expected to experience the strongest growth, with 5% annual growth. Although growing consumer awareness will stimulate overall growth of wine sales, recent medical reports citing the health benefits of moderate red wine consumption will continue to be a driving force. Red wine sales are anticipated to experience the strongest growth.

The beer market is also projected to achieve steady growth of 1% annually through 2003. However, an increase in the number of young consumers (aged 20 to 25) is expected to be the key factor in the growth of this market.

Overall, spirits sales have steadily declined in recent years. Increasingly health-conscious consumers have reduced their consumption of spirits, as these beverages are widely viewed as the least-healthy alcoholic drinks. However, like the wine and beer markets, higher-end products have increased their sales as consumers with more disposable income have shown a willingness to purchase higher-priced, better-quality products.

While the U.S. market for alcoholic beverages has slowly increased, imported products have experienced exceptional growth. Between 1998 and 1999, imports of beer, wine and spirits increased by 10.7%, 17.7% and 14% respectively. Although imports are not expected to maintain this level of growth for an extended period of time, imports are forecast to grow at a much more rapid pace than the market as a whole. This should provide Canadian exporters with excellent opportunities to enter the U.S. market.

In 1999, Canada accounted for 8.5% of U.S. beer, wine, and spirits imports. However, this number is slightly skewed due to relatively low levels of wine exports, which currently account for 0.1% of U.S. wine imports. On the other hand, the Canadian share of beer and spirits imports is 9.6% and 14.8% respectively. Canada is the third-largest exporter of both beer and spirits to the United States.

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THE ALCOHOLIC BEVERAGE MARKET IN THE UNITED STATES



Team Canada • Équipe Canada

MARKET OVERVIEW

Sales of alcoholic beverages in the United States currently exceed \$160 billion annually. The market for alcoholic beverages is generally broken down into three subsectors: beer, wine and spirits. Therefore, this report will focus on the individual sectors rather than the general market for alcoholic beverages.

Beer

Overall, beer market sales remained relatively stagnant in 1998, with total consumption of 22.8 million litres. Per-capita consumption was estimated to be 84 litres per person. Although the market as a whole experienced minor growth, sales of light beers and micro-brewery products (super premium beers) increased significantly. Consumers have also shown a strong interest in imported products. The growth of these categories is due to consumer willingness to pay more for superior quality beers. Currently, this trend is prevalent for all alcoholic beverages.

Although the percentage of beer consumption by the 10 largest states has slowly declined in recent years, these states still account for over 53% of total U.S. consumption. In fact, as Table 1 highlights, the top four states (California, Texas, Florida, and New York) account for over 30% of total consumption. Despite the fact that the share of the top 10 states is forecast to continue its slow decline, these states will remain key contributors to overall consumption levels.

Within the light beer category, *Bud Light* is the dominant brand, accounting for approximately one third of light beer sales. In 1999, *Bud Light* was also the second leading beer purchased in the United States. Other light beers ranking among the top 10 selling brands were *Coors Light* (the fourth most popular brand), *Anheuser-Busch Natural Light* (ninth), and *Busch Light* (tenth). The growing popularity of light beers is primarily due to increased

consumer demand for healthier products.

The popularity of imported beers has risen sharply in recent years. In 1999, the value of imports was \$2.8 billion, up from \$2.1 billion just two years earlier. Among the imported beers, *Corona* is the market leader, accounting for one out of every four imported beer sales. *Heineken* is the second most popular brand with an 18% market share. *Labatts Blue* (5.5%) and *Molson Ice* (3.2%) are the only Canadian brands within the top 10 imported beers, ranking third and seventh respectively. The double-digit growth of imported brands is expected to continue until at least 2003.

Table 1. Beer Consumption - Top 10 States by Market Share

State	Market Share (%)
California	10.8
Texas	8.9
Florida	6.1
New York	5.4
Illinois	4.6
Pennsylvania	4.5
Ohio	4.4
Michigan	3.4
Georgia	2.8
North Carolina	2.7
Subtotal	53.6%
40 Remaining States	46.4%

Source: Beverage Marketing. *Beer in the U.S.*, September 1999.

Wine

Of the three categories of alcoholic beverages, wines have experienced the strongest growth in recent years. Between 1994 and 1998, the U.S. wine market increased in volume by over 21%, while its value increased by nearly 60%. The current value of the market is \$26.9 billion annually. The value of sales has increased more rapidly than the volume of sales, due to increased consumer demand for higher-priced wines.

While the United States is the fourth-largest wine-producing country in the world, it ranks 30th in per-capita consumption. For example, France, the world's largest wine producer, has per-capita consumption of more than 60 litres, while U.S. consumption stands at eight litres.

California currently accounts for 90% of total U.S. wine production. In 1999, California sold approximately 1.5 billion litres of wine in the U.S. market alone; this equated to 72% of total wine sales.

U.S. consumers have shown a preference for sweet beverages and therefore, not surprisingly, white wines account for the largest share of sales. In 1998, white wines held a 38% market share, down 2% from the previous year. Red wines (26% market share) however, are steadily gaining market share due to favourable medical reports that link modest red wine consumption with certain health benefits (this is discussed in further detail in the next section). Rose wines, with a 20% market share, are the third most popular variety, while all other varieties hold less than a 10% share.

Imported wines have also benefited from consumer willingness to purchase higher-quality, more expensive wines. In 1999, imports totalled \$3.3 billion, up from \$2.4 billion in 1997. Although France and Italy accounted for nearly 62% of imports in 1999, countries such as Australia (the third-largest exporter) and Portugal (sixth-largest) have significantly increased their share of the market in recent years. Canada is currently the 16th-largest exporter to the U.S. market.

The U.S. market is forecast to grow by 5% annually through at least 2003. Red wines will drive this growth, although all three main categories are expected to increase. Sparkling wines, non-grape wines and vermouth are all forecast to experience sales declines during the same period.

Spirits

The spirits market has undergone a long-term decline in volume. Consumers perceive spirits as the most harmful of the alcoholic beverages, and therefore, while health consciousness has increased, consumption of spirits has decreased. In addition, taxation rates on spirits are particularly high when compared to other alcoholic beverages. According to the Distilled Spirits Council of the United States, taxes make up 58% of the price of an average bottle of spirits.

In 1998, this market had a value of \$49.2 billion. Spirits sales, by volume, have decreased by 1% to 1.5% annually since the early 1990s. Whisky is the most popular beverage within this market, accounting for one third of all sales. White spirits, such as vodka, were the second most popular drinks, followed by liqueurs, and rum.

Although this market is expected to continue to decline for the foreseeable future, there are some positive signs. First, like the beer and wine markets, sales of higher-quality products have increased in recent years. In addition, new products, such as flavoured vodkas, have been well received by consumers.

Also, spirits have profited from the increased popularity of cigar bars/restaurants, where cocktails tend to be widely consumed. These cigar bars tend to appeal to younger consumers and manufacturers hope that this will build a base for future spirit sales.

Imports represent one area of growth within this market. In 1999, spirits imports totalled \$3.9 billion, up \$900 million from 1997. Imported products have benefited from consumer demand for higher-quality products.

Key Factors Shaping Market Growth

Unlike many other foods and beverages, alcoholic drinks are generally viewed as luxury items. Therefore, the growth of the market is dependent on consumers having disposable income to spend on products such as these. During the recession of the early 1990s, alcoholic beverage sales declined but then recovered as the economy recovered. Although alcoholic beverage consumption is forecast to experience steady growth, increased sales are based on growing disposable incomes, or in other words, a healthy economy.

Wine sales, and especially red wine sales, will benefit from recent studies that have linked moderate red wine consumption with positive health reactions. Between 1995 and 1997, various studies concluded that the antioxidants found in wine have health benefits, which include reduced risk of heart disease, cancer, Alzheimer's disease, senile dementia, and kidney stones. These findings have spurred red wine consumption throughout the world, and the United States is no exception to this trend.

Further education of U.S. consumers as to the varieties and tastes of wines will also stimulate wine sales. Currently, many consumers purchase beer rather than wine because they feel that there is less of a chance of picking a bad beer than a bad wine. Consumers also view wine as a formal drink while beer is seen as a more casual choice.

Consumer demand for healthy products has significantly increased in recent years. Understandably, this change in attitude does not benefit sales of alcoholic beverages. Producers of beer, wine and spirits must actively market their products in order to reduce the risk of losing market share to healthier products such as bottled water, sports drinks, iced teas, and other beverages.

Advertising

As the market for alcoholic beverages becomes increasingly competitive, advertising has become a key ingredient in achieving success in the U.S. market. Advertising in all three categories is anticipated to increase in coming years as companies position themselves to take advantage of the increase in legal-age consumers.

Beer

During the 1990s, beer advertising fluctuated between \$940 million to more than \$1.1 billion annually. In 1998, beer advertising exceeded \$1.1 billion, an increase of 5% over the previous year. Light and premium beer promotions encompass 75% of all beer advertising. However, advertising for import and super premium products grew by the greatest amount between 1997 and 1998, increasing 25% and 75% respectively.

Table 2. Beer Advertising by Category, 1998 (\$ millions)

Category	Sales	Percentage of Total Sales
Light	472.0	41.7
Premium	377.9	33.4
Import	126.4	11.2
Super premium	57.3	5.1
Popular	28.2	2.5
Non-alcoholic	7.6	0.7
Malt liquor	1.8	0.2
Ale	1.5	0.1
Other	58.4	5.2
Total	1,131.1	100%

Source: Beverage Marketing. *Beer in the U.S.*, September 1999.

Typically, only one quarter of a company's marketing expenses go toward direct marketing to the customer (TV ads, radio ads, in-store marketing). Another 25% of advertising costs go toward promotions such as sweepstakes, contests and free giveaways. The greatest portion of advertising dollars is spent on funding (sales) discounts for wholesalers or retailers.

Wine

In 1998, advertising for wines totalled approximately \$150 million, a substantial increase over 1995 when wine advertising totalled \$95 million. Unlike beer manufacturers who use television advertising as their primary means of marketing, wine producers tend to advertise more in magazines and newspapers, through direct mail, and increasingly, through the Internet. Wine manufacturers also tend to focus more on a producer's brand name rather than a specific variety of wine.

Spirits

Spirits held the largest share of alcoholic beverage advertising, with estimated expenses of \$3.6 billion in 1998. United Distillers & Vintners/Diageo accounted for nearly 50% of advertising of total spirits. Although print media continue to be the most popular method of advertising, accounting for 70% of all marketing expenses, television advertising is becoming more popular. In mid-1998, Seagram became the first spirits producer to broadcast a television advertisement in over 50 years. This act broke the industry's self-imposed ban on television advertising and enabled producers to better compete with beer and wine manufacturers for U.S. alcoholic beverage spending.

Opportunities

The most promising opportunities within the U.S. alcoholic beverages market tend to be similar from one category to the next. In all three categories, the strongest growth will occur within higher-quality, higher-priced products. For example, while the wine market as a whole has experienced steady growth in recent years, premium and super premium sectors have been growing at a double-digit pace. Similar growth patterns are anticipated for the foreseeable future. The growth of higher-quality products within the spirits and wine sectors will stem from continued growth in spending by baby boomers. The number of legal-aged drinkers is also forecast to increase by 0.5% to 1% annually for the next five years. This will benefit alcoholic beverage consumption in general. More specifically, beer consumption should benefit from this demographic change due to the fact that the largest consumers of beer are less than 30 years old.

Actual and Planned Projects

Due to the relatively mature nature of the market, many of the dominant players within each category anticipate that the greatest opportunities for future growth will occur through joint ventures or acquisitions of other companies. Other strategies include focussing resources on a company's most successful products, while limiting or discontinuing less-popular items, and by introducing new, higher-quality products.

In July 1999, Miller Brewing Co. and Heineken USA Inc. agreed to sell their products through each company's distributors. This agreement serves two purposes. First, it allows each company to sell its products to a broader selection of retailers, and second, it could make it more difficult for other imported beers to reach U.S. retailers through Miller's distribution network.

COMPETITIVE ENVIRONMENT

Local Capabilities

Beer

The U.S. beer market is dominated by three companies: Anheuser-Busch Inc., Miller Brewing Co., and Adolph Coors. The three brewers account for nearly 80% of total sales. These manufacturers are firmly entrenched as the industry leaders, and attempting to take market share is nearly impossible due to their vast financial reserves and recognition among consumers.

Anheuser-Busch is not only the largest brewer in the United States but it is also the world's largest brewer. Anheuser, which produces five of the 10 most popular brands, currently accounts for 48% of total U.S. beer sales (in volume) and over 70% of profits made on beer sales. *Budweiser* and *Bud Light* are the leading brands in the

lager and light beer categories. Anheuser has maintained its dominant position in the market through aggressive marketing, competitive pricing, and by pressuring distributors to focus on their brands.

Miller, a subsidiary of Philip Morris Companies Inc., is the second-largest brewer in the U.S. market. Miller has been able to compete with Anheuser due in large part to the vast financial resources of its parent company. Miller attempted to gain market share by lowering prices, although this strategy simply led to lower prices across the beer industry. In recent years, the company has strengthened its position by purchasing brands from other brewers, such as the Stroh Brewery Co., and by concentrating company resources on the top-selling brands *Miller Lite*, *Miller Beer*, and *Miller Genuine Draft*.

Adolph Coors holds a 9% market share, based primarily on the sales of its *Coors Light* brand. Coors has focussed on strengthening regional sales of its products, and had sales of approximately \$2.8 billion in 1998.

Wine

Domestic production accounts for the majority of U.S. wine sales. Although the U.S. market is relatively fragmented, with 750 producers in California alone, a small portion of these producers are responsible for most sales. In fact, the top 20 wine producers account for 90% of domestic production, while California produces approximately the same percentage of total U.S. production.

Ernest & Julio Gallo is the largest wine producer both domestically and worldwide. The company currently produces nearly 25% of domestic wine sold in the United States. Although Gallo is consistently developing and introducing new wines, the company is dependent on consumer recognition of the Gallo name to add to revenues. In 1998, Ernest & Julio Gallo had sales of \$2.6 billion, with profits of \$250 million.

The Canandaigua Wine Company is the second-largest winemaker in the United States, with a 13% market share. While Ernest & Julio Gallo rely on brand name recognition to increase sales, Canandaigua has increased sales and brands by purchasing other producers. In 1998, company sales increased by 6.8% to \$1.8 billion.

Spirits

Like the wine and beer sectors, there are numerous producers in the United States. However, a small number of companies control a large portion of the market. The largest company is United Distillers & Vintners/Diageo, which accounted for approximately 22% of spirit sales in 1998. Other top companies are Seagram Co. Ltd. (13%), Jim Beam Brands Co./Fortune Brands Inc. (11%), Bacardi-Martini USA (10%), and Brown-Forman Corp. (8%). Each of these manufacturers has products in multiple sectors such as whisky, vodka and gin.

Private-label brands control only a small share of the total market, as these products are only available in a select number of states. U.S. consumers tend to prefer recognizable, brand-name distilled spirits and due the limited availability of private-label brands, sales are not anticipated to increase.

International Competition

Beer

U.S. beer imports have steadily increased from \$2.1 billion in 1997, to \$2.5 billion in 1998, and finally to \$2.8 billion in 1999. In the first three months of 2000, beer imports have continued to show strong growth, increasing from \$624 million in 1999 to \$720 million this year.

In 1999, Mexico passed the Netherlands as the largest source of U.S. beer imports. Mexico exported \$969 million worth of beer to the United States, accounting for almost 35% of total imports. Mexican imports have been driven by the growing popularity of the brand *Corona*, which overtook *Heineken* as the most popular imported beer. The Netherlands maintained a strong market share with exports of \$935 million, or 33% of U.S. beer imports. Other top exporters include Germany, the United Kingdom and Ireland.

Wine

Wine imports increased to \$3.3 billion in 1999, up nearly \$500 million from the previous year. France (48%) and Italy (24%) are the two largest wine exporters to the United States, accounting for nearly 72% of total imports. As is the case in many countries, Australian and Chilean wines have gained significant market share in recent years, and are currently the third- and fifth-largest exporters to the U.S. market. Australian exports alone increased by 65% between 1997 and 1999, while the import market as a whole increased by only 18%.

Spirits

In 1999, spirits imports grew to nearly \$3.9 billion, from \$3.4 billion in 1998. Currently, the United Kingdom and France account for 50% of total imports. In total, the top six exporters (including Canada, Mexico, Sweden and Ireland) account for nearly 87% of U.S. spirits imports.

Canadian Position

In 1999, Canadian exports of alcoholic beverages totalled approximately \$860 million.

Beer

Beer exports totalled nearly \$270 million, or 31% of Canadian alcoholic beverage exports to the United States in 1999. Although beer exports have remained relatively stagnant since 1997, the share of total beer imports held by Canadian products has declined from 12.5% to 9.6% over the same period of time due to the increased popularity and availability of other imported products. However, Canada continues to be the third-largest exporter of beer to the United States, trailing only Mexico and the Netherlands.

In 1999, Labatt Blue overtook Molson Ice as the most popular Canadian brand. Molson (which is distributed by the Miller Brewing Co. in the United States) currently exports roughly 20% of its annual production to the United States. Canadian brewers have a distinct geographical advantage over many countries, as beer's weight and volume make it expensive to ship.

Wine

In a market dominated by large volume distributors, small Canadian wineries have experienced some difficulty maintaining a market presence in the U.S. The greatest obstacles for wine exporters are the inability to produce sufficient volume for distribution and the inability to provide products at competitive prices. In an attempt to work around these inherent disadvantages, an attempt was made in 1996 by several top Ontario wine producers to form a consortium to consolidate their export sales activities. This approach to exporting, while retaining brand recognition, can help small wineries reduce the individual burden of shipping, administrative and other overhead costs in order to obtain a reasonable margin after importer, distributor and retail mark-ups.

Canadian wine exports account for approximately 0.1% of total U.S. wine imports. In 1999, exports totalled over \$2.8 million, which ranks Canada as the 16th-largest exporter of wines to the United States. Although wine exports are comparatively small, the amount of wines being exported has shown strong growth. Wine exports totalled just over \$1 million in 1997. The next year, exports increased to nearly \$1.7 million, and then increased again last year by 71%. Excellent opportunities exist for unique products such as ice wines.

Spirits

Spirits accounted for the largest share of alcoholic beverage exports, totalling over \$586 million in 1999. Whiskies were the dominant product, totalling \$548 million, or 94% of total spirits exports. Canadian products accounted for 14.8% of total U.S. spirits imports, making Canada the third-largest spirits exporter behind the United Kingdom and France.

Competitive Advantage Through Canadian Government Policies and Initiatives

Agri-Food Trade Program

The Agri-Food Trade Program (AFTP) is a cost-shared contribution program designed to support Canadian agri-food industry activities in areas of market readiness, market access and market development. The objective of the AFTP (which combines the AIMS and AFT2000 programs) is to increase sales of agriculture, food and beverage products in domestic and foreign markets.

AFTP's priority is to encourage Canadian agri-food associations and alliances to develop and implement sectoral export market development strategies to improve global competitiveness.

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) gives Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. The CCC will also act as a prime contractor on behalf of Canadian small and medium-sized enterprises, giving those businesses increased credibility and competitive advantage.

Export Development Corporation

Export Development Corporation (EDC) offers export financing and insurance to Canadian exporters. Additionally,

insurance can be provided for larger transactions that are subject to the terms and conditions established by the buyer. EDC prefers to work through letters of credit, bank credits or bank guarantees. Approval for financing is considered on a case-by-case basis.

North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) is a comprehensive free trade agreement among Canada, the United States and Mexico, which came into effect January 1, 1994. The NAFTA has opened markets to Canadian exporters through the elimination of tariff and non-tariff barriers. Efforts have also been made to address export issues of direct concern to small and medium-sized enterprises (SMEs) in terms of trade facilitation, such as infrastructure improvements for the transport of commercial goods.

In recognition of the important role that SMEs play in the national economies of the NAFTA countries, a number of customs-related trade facilitation initiatives have been undertaken to simplify customs procedures and reduce bureaucratic impediments to cross-border trading. For example, The North American Trade Automation Prototype (NATAP) is a joint initiative among Canada, the United States and Mexico to streamline the customs clearance of commercial goods. The Prototype is based on a foundation of common data elements, documents and processes, and will attempt to show that most of the duplication required today could be eliminated. It will also test the use of Intelligent Transportation Systems (ITS) and the concept of a seamless border for low-risk and pre-approved drivers. The Prototype is a low-volume field test currently being operated at six sites, including two on the Canada-U.S. border.

SMEs can now also benefit from a standard procedure for moving commercial samples, professional equipment, tools of trade and exhibition material across borders on a temporary basis, and from the dissemination of accurate, consistent and easy-to-understand information relating to customs laws and procedures. For further information, contact the Canada Customs and Revenue Agency, Trade Agreements Information Line at 1-800-661-6121 or (613) 941-0965, or the NAFTA Customs Web site at <http://www.nafta-customs.org>.

New Exporters to Border States and Exporters to the United States

The New Exporters to Border States (NEBS) program introduces the essentials of exporting to Canadian companies that have not yet exported to the United States. NEBS provides participants with practical information and first-hand exposure to U.S. border state markets.

Exporters to the United States (EXTUS – formally NEBS Plus) helps Canadian companies that are already exporting to U.S. border states to expand to other regions of the United States. For more information on NEBS and EXTUS, call 1-888-811-1119, visit <http://www.dfait-maeci.gc.ca/geo/usa/nebs-e.asp> or send an e-mail to Roman.Borowyk@dfait-maeci.gc.ca.

Program for Export Market Development

The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. Eligible costs and activities include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute a market development plan. Activity costs are shared on a pre-approved, 50/50 basis.

The PEMD refundable contribution ranges from \$5,000 to a maximum of \$50,000. Preference is given to companies with fewer than 100 employees for a firm in the manufacturing sector and 50 in the service industry, or with annual sales between \$250,000 and \$10 million. Other components of the program include international bid preparation (Capital Project Bidding) and, for trade associations, developing international marketing activities for their membership. For additional information visit <http://www.infoexport.gc.ca/pemd-e.asp> or call 1-888-811-1119.

WIN Exports

WIN Exports, a database of Canadian exporters and their capabilities, is used by trade commissioners around the world and by Team Canada Inc partners in Canada to match Canadian suppliers with foreign business leads, and to share information on trade events. To register your company in WIN Exports or for more information, visit <http://www.infoexport.gc.ca/winexports/menu-e.asp> or call 1-888-811-1119.

PRIVATE-SECTOR CUSTOMERS

The consumer profile for alcoholic beverages tends to vary quite significantly depending on the type of liquor. For example, a larger percentage of women than men tend to consume wine, whereas the opposite is true for beer.

consumption. Beer consumption also tends to be highest among lower-income consumers (particularly young men) whereas wine consumption is highest among higher-income consumers over the age of 35. Other traits of beer consumers include higher consumption levels among single consumers versus those who are married, and higher consumption of light beers by women. Younger beer consumers also tend to be more willing to try different varieties, while older consumers tend to be more brand-loyal. This explains why beer manufacturers try to appeal to young consumers, thereby establishing a solid base for future consumption.

Within the wine sector, imported wines are most widely consumed by people between the ages of 35 and 64. However, sparkling wines and champagnes are most popular among young consumers.

Consumption of spirits is significantly higher among men than women. Although widespread spirits consumption is highest among younger age groups (less than 25 years old), the heaviest spirits consumers are over the age of 45.

MARKET LOGISTICS

Internet Sales

In addition to the traditional forms of alcohol distribution (which are discussed in more detail in the next section), sales through the Internet are slowly gaining a share of the market. This form of distribution is forecast to experience rapid growth over the next decade.

Although alcohol shipments across state lines are strictly regulated, wines, and to a lesser extent beers and spirits, are preparing for a substantial increase in sales via the Internet. It is estimated that over 300 U.S. wineries had Web sites in 1999 -- many offering direct sales. However, the most popular Internet sites for wine purchases are the handful of sites that offer a wide selection of products from numerous wineries. These sites also offer background information on wines and wineries, recommendations based on previous orders, and even customized labels.

The first major wine site on the Web was wine.com. Its simple name and the fact that it was the first Web site dedicated to selling wines tends to give it an advantage over other sites. Although wine.com has these advantages, its major disadvantage is that it does not ship through state wholesalers. As a result, it is somewhat limited as to the variety and locations to which it can ship its products. Web sites such as wineshopper.com have established contracts with wholesalers (which adds to the cost of the wines being shipped) and are therefore able to offer a wider selection of wines and more locations to which they can ship.

In March 2000, drinks.com launched its Web site, which offers over 12 500 beer, wine and spirits products, to be delivered within 48 hours. Drinks.com has also established contracts to ship products through state wholesalers, thereby complying with the three-tier distribution system that most states require (products must be shipped from a manufacturer through a wholesaler, to retailers and finally on to customers). Initially, drinks.com is only able to ship to Illinois, California and Florida, but owners hope to rapidly expand to 30 states, encompassing 85% of alcohol consumption.

One Internet site that has taken a slightly different approach is eSkye.com. This site focusses on distributing to retailers instead of to individual customers. Retailers can order products 24 hours a day, and only need a state liquor licence to establish an account. eSkye.com has agreements with a number of distributors, including seven of the 10 largest distributors, to ship products to various locations throughout the United States. Upon receiving an order, eSkye transmits it to the appropriate distributor for prompt delivery to the retailer. Although this site currently only ships spirits, they intend to offer more than 15 000 beer, wine and spirits products within a few years.

Channels of Distribution

Beer

Unlike spirits and wine, beer is typically shipped directly from the manufacturer to the retail outlet(s). In this scenario, the retailer and not the distributor is responsible for building shelf displays, rotating products and maintaining accurate signage.

Although bars and restaurants account for the largest individual share of sales (26%), nearly three-quarters of all beer is purchased for home consumption at convenience stores and gas stations (20%), supermarkets (19%) and specialty retailers (17%).

Convenience stores/gas stations are the second-largest distribution channel for beer but, due to limited shelf (cooler) space, these retailers typically only carry a few top-selling brands. As a result, it would be unlikely that a

new product would be sold through these retailers.

Supermarkets, on the other hand, have steadily increased the selection and amount of shelf space allocated for beer. According to a recent survey by A.C. Nielsen, beer is the tenth most frequently purchased item and the seventh most profitable item sold in supermarkets (storage costs are minimal for supermarkets since the product is shipped directly from the producer to the retail outlet). Supermarkets generally carry a wide variety of competing products, including less popular specialty/micro-brewery beers.

Specialty stores carry the widest variety, and the greatest quantity, of imported and micro-brewery beers. These outlets provide a good starting point for new products to the U.S. market.

Wine

In 1998, wine sales through bars and restaurants accounted for roughly 20% of the total volume of wine sales, while retail sales held an 80% market share. However, bars and restaurants accounted for over 30% of wine sales in value terms. The difference between the value and volume of wine sales through various distribution channels results from a preference for higher-quality wine purchases when dining out. Whether dining out personally or for business purposes, consumers have shown a tendency to purchase higher-quality wines than those purchased through retail channels.

Within the retail sector, supermarkets and hypermarkets dominate sales, with a 43% market share (volume). Specialty retailers are the next largest distribution channel, accounting for nearly 23% of total sales. In recent years, supermarket sales have increased due to competitive pricing, an improved selection of wines, and the stocking of larger bottle sizes. In addition, a number of states have relaxed retailing laws, which previously enabled only specialty retailers to sell wine.

In response to the growing number of retailers, specialty outlets have undertaken a number of strategies in an attempt to maintain their market share. Newsletters, tastings, competitive pricing, and customer loyalty discounts are just a few of the extra "bonuses" being offered by specialty retailers.

Spirits

Similar to wine products, spirits sales through bars and restaurants account for a relatively small share of volume sales (21%) while accounting for a significantly larger share of value sales (57%). Substantially higher prices in bars and restaurants are the sole reason for the difference in market share between value and volume sales.

Unlike beers and wines, specialty outlets dominate retail spirit sales. Currently, specialty retailers account for more than 50% of retail spirit sales. Supermarkets and drug stores are the next largest retailers, each accounting for between 16% and 18% of total sales. Many states continue to strictly regulate spirit sales, which will allow specialty retailers to continue to dominate these distribution channels. However, in those states in which supermarkets are permitted to sell spirits, they have slowly gained market share by appealing to consumer demand for larger bottles and competitive prices. Many supermarkets have also increased the amount of shelf space allotted to spirits.

Distributors and Wholesalers

Alcoholic beverages are regulated by both federal and state governments. In most cases (due to U.S. distribution laws for products containing alcohol), alcoholic beverages must be distributed using wholesalers or distributors that are licensed importers. Although distributors are also required to ensure that all imported products comply with U.S. food and beverage regulations, manufacturers must take the initiative to ensure that products meet with U.S. import and labelling regulations. Only one distributor may be necessary to access a specific region of the United States while multiple distributors may be necessary to ensure national distribution.

When seeking the services of a distributor or wholesaler, exporters should consider the relationship that these individuals have with local governments, buyers and banks; the condition of their facilities; and their willingness and ability to keep inventory. Canadian producers are advised to review U.S. import regulations with a qualified lawyer before entering into an agreement with a prospective partner.

Table 3 identifies the five largest alcohol wholesalers in the United States. These companies account for approximately one third of the total revenue generated by alcohol wholesalers. Currently, there are an estimated 4500 liquor distributors in the United States.

Table 3. Largest Alcohol Wholesalers, 1999 (\$ billions)

Wholesaler	Sales
Southern Wine & Spirits of America	\$4.2
Charmer Industries/Sunbelt Beverage	\$2.3
National Distributing Co.	\$2.0
Young's Market Co.	\$1.6
Glazer's Wholesale Distributors	\$1.6

Source: MarkIntel. *Market Share Reporter*, May 9, 1999.

Many of the large brewers have detailed agreements with their distributors that specify the amount of time and money that the distributor is required to spend selling the company's products. For instance, if a producer's brands account for 50% of a wholesaler's/distributor's sales, the contract will ensure that the wholesaler/distributor devotes 50% of its resources to selling the company's products.

Food Brokers

Most new food exporters choose brokers to sell their products and service their accounts. Brokers do not take title or possession of the goods, but instead act as "outside" sales staff. Some of the advantages of using a broker's services include:

- comparatively low start-up and overhead costs (no sales, no costs);
- quick access to an established network of buying contacts;
- a local presence to service clients; and
- the broker's knowledge of both the market and the product's promotional requirements.

Many brokers have established solid relationships with retailers and wholesalers, and have regular appointments with their buyers. As a result, they can often be instrumental in helping exporters to introduce new products.

When seeking the services of a broker, exporters should consider:

- the market segments and customers it serves;
- its reputation within the industry;
- the size of its sales force;
- its product knowledge;
- the number and location of its offices;
- the services it offers;
- the products it currently sells; and
- its interest in the exporter's goods and in those of its competition.

Any written agreement between an exporter and a broker should be prepared by a lawyer, and as a minimum, should cover the following points:

- territory covered;
- exclusivity;
- payment terms;
- performance criteria;
- collection of receivables;
- duration of agreement; and
- procedures to terminate the agreement.

It is important for an exporter to build a close and active working relationship with the chosen broker, so that the exported products are given the necessary exposure. Exporters should plan to make multiple trips to the market while attempting to establish a product in the U.S. In order to ensure strong product support from a broker, companies should also spend time "educating and motivating" the entire broker's staff. In addition, producers should plan visits to the market to make joint sales calls on buyers. Manufacturers have the most interest, knowledge, and excitement in their product(s), which should be passed on to distribution partners.

Some markets may require that a broker and distributor be used, while other areas can be most effectively serviced through direct sales and distribution (DSD). In some niches, distributors will perform the functions of both the broker and the distributor - more of a DSD.

For information about food brokers in the United States, exporters are encouraged to seek a retailer's recommendation; contact a local industry association such as the Association of Sales & Marketing Companies,

or contact the closest Canadian Consulate.

Market-entry Considerations

Similar to markets in other developed countries, the U.S. market for alcoholic beverages is relatively mature, with a few dominant players in each sector. In most cases, foreign producers who wish to enter the U.S. market have done so through licensing agreements or joint ventures with domestic manufacturer, who is already established in the market. Mergers, acquisitions, joint ventures and other financial agreements have become common occurrences in both the U.S. alcoholic beverage market and international markets. An agreement with a U.S. producer will likely provide the best opportunities for Canadian exporters to enter this market.

Suggested Business Practices

Generally, business practices employed in Canada and the United States are quite similar. However, Canadian exporters should note that success in the United States will require additional attention and resources. For example, due to the extremely competitive nature of the food-service market, the pace of business is quick, customer loyalty is not always strong if similar products can be obtained with added benefits or at a lower cost, and customers have come to expect significant after-sales service and incentives.

Export Regulations and Procedures

Canadian exporters are strongly encouraged to hire a certified customs broker to manage border procedures. Customs brokers are familiar with all information required by the exporter, and can provide insight on such market access issues as import restrictions based on quotas, health regulations, documentation, labelling and product testing. Customs brokers typically charge exporters on a per-shipment basis.

To retain the services of a U.S. customs broker, an exporter must first authorize the brokerage firm (by power of attorney) to file entries on its behalf with U.S. Customs Service (USCS). The Customs Service also requires the exporter to post a bond, usually in an amount equal to the value of the shipment plus duties and fees. Exporters should complete the required documents and forward them in advance to their customs brokers, who can then notify USCS of entry and arrange for clearance. The original documents must accompany the shipment, and must include the following:

- pro forma invoice;
- bill of lading;
- inward cargo manifest;
- health certificate, as required by the U.S. Department of Agriculture; and
- NAFTA certificate (for individual or annual shipments valued at more than US\$2000).

Bill of Lading

The bill of lading is the shipper's acknowledgment of receipt of the shipment. Each shipment may contain a set of bills of lading, one copy of which should be kept on file, while other copies are sent to the importer and customs broker, respectively. The bill of lading should include:

- description of the product(s);
- weights and measurements of the packages and their types;
- ports of origin and destination;
- names and addresses of shipper, importer and customs broker;
- any freight or other charge incurred;
- number of bills of lading in the full set; and
- the carrier's acknowledgment of receipt "on board" of the goods for shipment.

Depending on the product, it may be necessary for exporters to include storage temperature and requirements on the bill(s) of lading.

Packaging and Labelling⁽²⁾

Goods should be properly packed and marked for shipment, to reduce both the risk of damage and pilferage. Properly packaged and labelled goods will also help to expedite customs examination. Food samples are exempt from labelling requirements, but must be marked as samples and shipped in compliance with U.S. import regulations. Product labels must be in English, and must include:

- name of the product;

- description of the product;
- expiry date and any storage requirement;
- product's country of origin;
- alcohol content, by volume;
- manufacturer's lot or batch number;
- nutritional information;
- list of ingredients and weights in metric units; and
- list of additives, preservatives, or colouring used.

Shipping container labels do not need approval, although they are also checked by the FSIS during inspection at the port of entry.

Export Credit Risks, Restrictions on Letters of Credit, Currency Controls

Cash-in-advance and open-account sales are the most common methods of payment. Payments can easily be made by cheque or bank transfer. A buyer's credit rating can be checked with bankers, other suppliers and private credit analysis institutions. EDC offers insurance programs to protect Canadian exporters against non-payment by U.S. buyers. Some exporters have found it helpful to maintain a U.S. business address and bank account; however, companies should first consider the legal and tax implications of such an arrangement.

PROMOTIONAL EVENTS

Event/Description	Organizer
InterBev - International Beverage Industry Exhibition and Congress December 4-6, 2000 and November 18-20, 2002 (Biennial) Ernest N. Morial Convention Centre New Orleans, Louisiana Wine, beer, spirits and other beverages, industry equipment, packaging technology, supplies, ingredients and services.	InterBev Ltd. 1101 16th St. N.W. Washington DC 20036 Tel.: (202) 463-6794 Fax: (202) 833-2484
NASFT - Spring International Fancy Food and Confection Show March 25-27, 2001 and March 24-26, 2002 (Annual) McCormick Place Chicago, Illinois A wide selection of speciality foods and beverages including beer, wines and spirits.	National Association for the Speciality Food Trade, Inc. (NASFT) 120 Wall St., 27/F New York NY 10005-4001 Tel.: (212) 482-6440 Fax: (212) 482-6459 Internet: http://www.specialty-food.com/Client/NASFT.asp
NASFT - Summer International Fancy Food and Confection Show July 8-10, 2001 and June 30 - July 2, 2002 (Annual) Jacob K. Javits Convention Centre New York, New York A wide selection of speciality foods and beverages including beer, wines, and spirits.	As above
NASFT - Winter International Fancy Food and Confection Show January 21-23, 2001 and January 20-22, 2002 (Annual) Moscone Centre	As above

Moscone Centre
San Francisco, California
A wide selection of speciality foods and beverages
including beer, wines and spirits.

Worldwide Food Expo
October 18-21, 2001 (Biennial)
McCormick Place
Chicago, Illinois
One of the largest showcases of processing,
packaging, equipment, ingredients and services
for foods and beverages.

**National Restaurant Association's Hotel and
Motel Show**
May 19-22, 2001 (Annual)
McCormick Place
Chicago, Illinois
Food, beverage, equipment and other supplies
related to the food-service industry.

Convention Management Group
2751 Prosperity Ave., Suite 100
Fairfax VA 22031
Tel.: (703) 876-0900
Fax: (703) 876-0904
E-mail: wwfe@cmgexpo.com
Internet: <http://www.worldwidefood.com>

National Restaurant Association
150 North Michigan Ave., Ste. 2000
Chicago IL 60601
Tel.: (312) 853-2525
Fax: (312) 853-2548
E-mail: isal@restaurant.org
Internet: <http://www.restaurant.org/show>

KEY CONTACTS AND SUPPORT SERVICES

Agriculture and Agri-Food Canada
International Markets Bureau
930 Carling Ave., 10th Floor
Ottawa, ON K1A 0C5
Contact: Brian Sundue
Tel.: (613) 759-7712
Fax: (613) 759-7506
E-mail: sundueb@em.agr.ca
(See below for regional trade contacts)

Canadian Commercial Corporation (CCC)
Metropolitan Centre
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel.: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
E-mail: info@ccc.ca
Internet: <http://www.ccc.ca>

Canadian Food Inspection Agency (CFIA)
59 Camelot Dr.
Nepean, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6653
E-mail: cfiamaster@em.agr.ca

**Department of Foreign Affairs and International
Trade (DFAIT)**
125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: <http://www.dfait-maeci.gc.ca>

Authentication and Service of Documents (JLAC)
Tel.: (613) 992-6602
Fax: (613) 992-2467

Market Support Division (TCM)
Tel.: (613) 995-1773
Fax: (613) 943-1103

Tariffs and Market Access Division (EAT)
Tel.: (613) 992-2177
Fax: (613) 992-6002 or (613) 944-4840

U.S. Business Development Division (UTO)
Tel.: (613) 944-5912
Fax: (613) 944-9119

Export Development Corporation (EDC)
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel.: 1-800-850-9626 or (613) 598-2500
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: <http://www.edc.ca>

Agriculture and Agri-Food Canada - Regional Trade Contacts

Renee Umezuki
New Westminster
Tel.: (604) 666-7903

Dan Wuerch
Winnipeg
Tel.: (204) 984-4230

Mike Southwood
Edmonton
Tel.: (780) 495-5528

Frank Webster
Guelph
Tel.: (519) 837-5854

Brenda Patton
Regina
Tel.: (306) 780-7071

Robert Bouchard
Montreal
Tel.: (514) 283-3815

Bernard Mallet
Fredericton
Tel.: (506) 452-3732

Janet Steele
Halifax
Tel.: (902) 426-2221

Chris Pharo
Charlottetown
Tel.: (902) 566-7310

Al McIsaac
St. John's
Tel.: (709) 772-0330

International Trade Centres

For export counselling or publications for Canadian exporters, contact your local International Trade Centre by calling 1-888-811-1119.

Canadian Government Contacts In The United States

Canadian Embassy - Washington

501 Pennsylvania Ave. N.W.
Washington DC 20001
Contact: Cynthia Stevenson
Tel.: (202) 682-7765
Fax: (202) 682-7619
E-mail: cynthia.stevenson@dfait-maeci.gc.ca

Canadian Consulate General - Atlanta

1175 Peachtree St. N.E.
1700 - 100 Colony Square
Atlanta GA 30361-6205
Contact: Carl Rockburne
Tel.: (404) 532-2000
Fax: (404) 532-2050
E-mail: carl.rockburne@dfait-maeci.gc.ca

Canadian Consulate General - Boston

Three Copley Place, Suite 400
Boston MA 02116
Contact: Colette Lekborg
Tel.: (617) 262-3760
Fax: (617) 262-3415
E-mail: colette.lekborg@dfait-maeci.gc.ca

Canadian Consulate General - Buffalo

One Marine Midland Centre, Suite 3000
Buffalo NY 14203-2884
Contact: Marcia Grove
Tel.: (716) 858-9555
Fax: (716) 852-4340
E-mail: marcia.grove@dfait-maeci.gc.ca
Internet: <http://www.canadianconsulatebuf.org>

Canadian Consulate General - Seattle

412 Plaza 600, Sixth and Stewart Streets
Seattle WA 98101-1286
Contact: Doug McCracken
Tel.: (206) 443-0336 x-3356
Fax: (206) 443-9662
E-mail: doug.mccracken@dfait-maeci.gc.ca

Canadian Consulate General - Chicago

Two Prudential Plaza
180 N. Stetson Ave., Suite 2400
Chicago IL 60601
Contact: Cathy Cameron
Tel.: (312) 616-1873 ext. 3368
Fax: (312) 616-1878
E-mail: cathy.cameron@dfait-maeci.gc.ca

Canadian Consulate General - Detroit

600 Renaissance Centre, Suite 1100
Detroit MI 48243-1798
Contact: Keith Jozwik
Tel.: (313) 567-2208 ext. 3361
Fax: (313) 567-2164
E-mail: keith.jozwik@dfait-maeci.gc.ca

Canadian Consulate General - Minneapolis

701 4th Ave. South, Suite 900
Minneapolis MN 55415-1899
Contact: Kent Jensen
Tel.: (612) 332-7486 ext. 3357
Fax: (612) 332-4061
E-mail: kent.jensen@dfait-maeci.gc.ca

Canadian Consulate General - New York

1251 Avenue of the Americas
New York NY 10020-1175
Contact: Lisa Rambert
Tel.: (212) 596-1656
Fax: (212) 596-1793
E-mail: lisa.rambert@dfait-maeci.gc.ca
Internet: <http://www.canada-ny.org>

Export-oriented Canadian Food Industry Associations

A detailed list of both provincial and national Canadian food industry associations can be found on the Agriculture and Agri-Food Web site at: <http://ats.agr.ca/public/associations-e.htm>.

Alliance of Manufacturers & Exporters Canada

75 International Blvd., 4th Floor
 Toronto, ON M9W 6L9
 Tel.: (416) 798-8000 or (613) 563-9218
 Fax: (416) 798-8050
 E-mail: national@the-alliance.com
 Internet: <http://www.the-alliance.com>

Atlantic Canada Export Club

24 Pictou Rd.
 Truro, NS B2N 2R8
 Tel.: (902) 893-7539
 Fax: (902) 893-7041
 E-mail: atcanadaexport@ns.sympatico.ca
 Internet: <http://www.atcanadaexport.ca>

Canadian Food Exporters Association

885 Don Mills Rd., Suite 301
 Don Mills, ON M3C 1V9
 Tel.: 1-888-227-8848 or (416) 445-3747
 Fax: (416) 510-8044
 Contact: Susan Powell
 E-mail: susanp@cfea.com
 Internet: <http://www.cfea.com>

U.S. Government Contacts

U.S. Department of Agriculture (USDA)

14th Street and Independence Avenue, S.W.
 Washington, D.C. 20250, U.S.A.
 Tel.: (202) 720-2791
 Internet: <http://www.usda.gov>

Note: All USDA offices are accessible from the main telephone number.

U.S. Department of the Treasury

Bureau of Alcohol, Tobacco & Firearms (ATF)
 650 Massachusetts Ave. NW
 Washington DC 20226
 Tel.: (202) 927-7777
 Fax: (202) 927-8605
 E-mail: alctob@atfhq.atf.treas.gov
 Internet: <http://www.atf.treas.gov>

U.S. Industry Associations

Food Beverage Canada

17311 - 103rd Ave., Suite 201
 Edmonton, AB T5S 1J4
 Tel.: 1-800-493-9767 or (780) 486-9679
 Fax: (780) 484-0985
 Internet: <http://www.foodbeveragecanada.com>

Food Institute of Canada (FIC)

1600 Scott St., Suite 415
 Ottawa, ON K1Y 4N7
 Tel.: (613) 722-1000
 Fax: (613) 722-1404
 Internet: <http://foodnet.fic.ca>

Quebec Agri-Food Export Club

200 MacDonald St., Suite 102
 St. Jean-sur-Richelieu, QC J3B 8J6
 Tel.: (514) 349-1521
 Fax: (514) 349-6923
 E-mail: castor@profil-cdi.qc.ca
 Internet: <http://www.profil-cdi.qc.ca>

U.S. Department of Agriculture (USDA)

Food Safety and Inspection Service (FSIS)
 14th Street and Independence Avenue, S.W.
 Washington, D.C. 20250, U.S.A.
 Tel: (202) 720-7025
 Fax: (202) 205-0158
 Internet: <http://www.fsis.usda.gov>

U.S. Department of the Treasury

U.S. Customs Service (USCS)
 1300 Pennsylvania Ave. N.W.
 Washington DC 20229
 Tel.: (202) 927-6724
 Fax: (202) 927-1393
 Internet: <http://www.customs.ustreas.gov>

American Vintners Association

1200 G St., NW Suite 360
Washington DC 20005
Tel.: (800) 879-4637
Fax: (202) 347-6341
E-mail: info@americanwineries.org
Internet: <http://www.americanwineries.org>

American Wholesale Marketers Association

1128 Sixteenth St. NW
Washington DC 20036
Tel.: (202) 463-2124
Fax: (202) 463-6312
Internet: <http://www.awmanet.org>

Association of Sales & Marketing Companies

2100 Reston Parkway, Suite 400
Reston, VA 20191-1218
Tel.: (703) 758-7790
Fax: (703) 758-7787
E-mail: info@asmc.org
Internet: <http://www.asmc.org>
Formerly the National Food Brokers Association
and the International Food Service Brokers
Association.

California Association of Wine Grape Growers

555 University Ave., Suite 250
Sacramento CA 95825
Tel.: (916) 448-2676
Fax: (916) 448-0475
E-mail: info@cawg.org
Internet: <http://www.cawg.org>

National Association for Retail Merchandising Services

PO Box 906
Plover WI 54467-0906
Tel.: (715) 342-0948
Fax: (715) 342-1943
Internet: <http://www.narms.com>

National Food Processors Association

1350 I St., NW Suite 300
Washington DC 20005
Tel.: (202) 639-5900
Fax: (202) 639-5932
E-mail: nfpa@nfpa-food.org
Internet: <http://www.nfpa-food.org/index.html>

Distilled Spirits Council of the United States

1250 Eye St., N.W. Suite 400
Washington DC 20005
Tel.: (202) 628-3544
Internet: <http://www.discus.health.org>

Food Distributors International

201 Park Washington Court
Falls Church, VA 22046-4521
Tel.: (703) 532-9400
Fax: (703) 538-4673
Internet: <http://www.fdi.org>
Formerly the National American Wholesale
Grocers Association and the International Food
Service Distributors Association.

Food Marketing Institute

655 15th St., NW
Washington DC 20005
Tel.: (202) 452-8444
Fax: (202) 429-4519
E-mail: fmi@fmi.org
Internet: <http://www.fmi.org>

National Association of Beverage Retailers

5101 River Rd., Suite 108
Bethesda MD 20816-1508
Tel.: 301-656-1494
Fax: 301-656-7539
Email: nabr@nabronline.org

National Restaurant Association

1200 17th St. NW
Washington DC 20036-3097
Tel.: (800) 424-5156
Fax: (202) 331-5946
E-mail: info@dineout.org
Internet: <http://www.restaurant.org>

The Wine Institute

425 Market St., Suite 1000
San Francisco CA 94105
Tel.: (415) 512-0151
Fax: (415) 442-0742
Internet: <http://www.wineinstitute.org>

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Wine Business Monthly. *Young, Marginal Wine Drinkers form Target for Researchers Eager to Expand Wine Audience*, October 1999.

OTHER REFERENCE MATERIAL

Internet Sites

Agri-Food Trade Service: <http://ats.agr.ca>

American Vintners Association: <http://www.americanwineries.org>

Association of Brewers: <http://www.beertown.org>

Associations of Sales and Marketing: <http://www.asmc.org>

The Beer Institute: <http://www.beerinst.org>

Brewers Association of Canada: <http://www.brewers.ca>

Bureau of Alcohol, Tobacco and Firearms: <http://www.atf.treas.gov>

Canada Business Service Centres: <http://www.cbsc.org>

Canadian Food Inspection Agency: <http://www.cfia-ecia.agr.ca>

Canadian Food Trade Alliance: <http://www.cfta.ca>

Department of Foreign Affairs and International Trade: <http://www.dfait.maeci.gc.ca>

Distilled Spirits Council of the United States: <http://www.discus.health.org>

ExpoGuide: <http://www.expoguide.com>

ExportSource: <http://exportsource.gc.ca>

FedStats: <http://www.fedstats.gov>

Food Distributors International: <http://www.fdi.org>

Food Marketing Institute: <http://www.fmi.org>

Governments on the WWW: United States of America: <http://www.gksoft.com/govt/en/us.html>

InfoExport: <http://www.infoexport.gc.ca>

National Association of Beverage Retailers: <http://www.nabronline.org>

National Association of Convenience Stores: <http://www.cstorecentral.com>

National Beer Wholesalers Association: <http://www.nbwa.org>

National Food Distributors Association: <http://www.specialtyfoods.org>

National Restaurant Association: <http://www.restaurant.org>

Smart Wine: <http://smartwine.com>

Strategis: <http://strategis.ic.gc.ca>

Tradeport: <http://www.tradeport.org>

Trade Show Central: <http://www.tscentral.com>

Trade Show News Network: <http://www.tsnn.com>

Wine.com: <http://www.wine.com>

Wine Industry News: <http://www.wineryexchange.com/news>

Wine Industry Information Sources: <http://www.sonoma.edu/people/BButler/wine>

The Wine Institute: <http://www.wineinstitute.org>

Wine Investment News: <http://www.wineinvestmentnews.com>

WineLaw: <http://www.winelaw.org>

Wine Shopper: <http://www.wineshopper.com>

Wine & Spirits Wholesalers of America: <http://www.wswa.org>

Wines & Vines: <http://www.winesandvines.com>

Table 4: Currency Conversion Rates for the Canadian dollar, and the U.S. dollar (using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to U.S. dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
U.S. dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857

Source: IDD Information Services, *Tradeline*, January-March 2000.

READER EVALUATION

Please help the Team Canada Market Research Centre to produce market reports which meet your information needs by completing this evaluation form and returning it by fax (613) 943-1103. Thank you for your valuable input.

1. How did you obtain a copy of this market report?

- ☐ InfoCentre FaxLink system ☐ Government worldwide web site
☐ InfoCentre help line ☐ InfoCentre bulletin board system
☐ Local government office ☐ Other: _____

2. How would you describe this market report?

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Useful	☐	☐	☐	☐	☐
Complete	☐	☐	☐	☐	☐
Well organized	☐	☐	☐	☐	☐
Well written	☐	☐	☐	☐	☐
Ideal length	☐	☐	☐	☐	☐

3. In what form do you prefer to obtain these reports?

- ☐ Print ☐ Electronic

4. Based on the information in this report, what specific action(s) does your organization plan to take in this market? Check all that apply.

- ☐ Seek an agent/distributor ☐ Contact Canadian trade office abroad
☐ Visit the market ☐ Participate in a trade show abroad
☐ Do more research ☐ Nothing
☐ Other: _____

5. What other market reports would be of benefit to your organization? Please identify specific products and countries.

6. Which of the following categories best describes your organization? Check one only.

- ☐ Processor/manufacture ☐ Government
☐ Trading house ☐ Student/academia
☐ Export service provider ☐ Consultant
☐ Industry/trade association ☐ Other: _____

7. What were your organization's total sales last year, in Canadian dollars?

- ☐ Less than 10 million ☐ 10 million to 50 million
☐ More than 50 million ☐ Not applicable

Additional comments/suggestions for improvement:

OPTIONAL — The name of your organization is: _____

1. All monetary amounts are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is based on IDD Information Services, *Tradeline*, January-March 2000. Exact rates can be found at the end of this report, in Table 4.

2. Please note that the following labelling information does not constitute all labelling requirements and should be used for informational purposes only. More specific information should be obtained prior to labelling alcoholic beverages for distribution.

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